Economics Report B

The iPad, which was created by Apple Co., was launched in 3rd april 2010. In the boundary of the USA, Apple Co. started accepting pre-orders from consumers on the 12th of March 2010. It was then observed that there were high demands for the new Apple iPad due to the outstanding figures of pre-orders. On the 3rd of May 2010, Apple iPad was launched and one million were sold. The number of iPads sold took merely half the time to sell the Apple iPhones when it was first launched on 29th June 2007. Taking into account the producers and consumers, there were several factors which had affected the marketing and pricing of the iPad.

The world experiences an overall economic growth from 2009-2010 as reflected in the table below:-

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Growth in percent** | **2007** | **2008** | **2009** | **2010** |
| Global economies | 5.2 | 3.0 | 0.6 | 4.2 |
| Advanced economies |  | 0.5 | -3.2 | 2.3 |
| Emerging and Developing economies |  | 6.1 | 2.4 | 6.3 |

The information above implies that people all over the world has a higher purchasing power due to rise of their personal income and hence, able to purchase more units of iPads which results in the high pre-orders on 12th March, signifying high demands of the Apple iPads. Therefore, with high demands, it results in the high prices of the Apple iPads.

Based on the marketing research of Apple Co, they are aware of the high demands of the iPads and thus they are profit-driven: The cost for manufacture of an Apple iPad 16GB is US$259.60 and it is sold at a high price of US$499, reaping almost a 50% profit. Having high figures of pre-orders of the iPads, more iPads are produced, indicating a high supply, to meet the high demand of the consumers.

As the technology advances, there is a continuous rise of creation of other products, this create many substitutes of IPad. The market will expand as consumers are exposed to many different choices, thus the sales of IPad will be affected as consumers may choose other products to it. When this situation happens, Apple Co may alter the pricing of the iPad to attract consumers and to increase their revenue.

However, due to the high level of technology apple uses, it outcompetes other alternative electronic gadgets in the market like the Samsung galazy tab. Hence, consumers would prefer investing their money on the apple iPad products rather than other electronic counterparts like the respective smartphones and laptops, being relatively smaller and lighter.

Since the consumers have realized the benefits of having an iPad, they will be a demand on the good. As there is an increase in demand for iPad, the price the consumers are willing and able to pay will be higher. Therefore since producers are profit-driven, the producers will increase the supply of the iPad and the price of the iPad will increase so as to meet the demand of the iPad.